Wealth Markets and Commerce

Finance - Economics

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Under the railroad bill, the carriers are guaranteed earnings after operating expenses, including maintenance and taxes, equivalent to approximately 5.30 per cent on their book value. Generally speaking, therefore, they will be able to make the usual dividend disbursements, and many of those roads which were in doubtful position and which, without relief of some kind, would soon have been compelled to pass or reduce dividends, probably will be able to go on as before. From now until at least eighteen months after the war is over the stockholders will be in a position almost, if not quite, as secure, as the bondholders. And yet examination of the market averages discloses this condition: though the decline in railroad stock prices which culminated last December was quite as precipitate and extensive as the slump in industrials, the recovery of the former since the first of the year has not been nearly as pronounced as the upturn in the latter. This in spite of the fact that Wall Street has had little doubt at any time but that railroad earnings would be guaranteed in substantially the manner outlined by the President. The explanation for the lack of animation in railroad stocks probably is this: while railroad shareholders, for the time being, enjoy a position of safety comparable with that of the bondholders, they necessarily face in some degree the disadvantages inherent in such a position. That is to say, while income is certain, it is limited; and as the inflation which now is inevitable progresses, and commodity prices rise to even more fantastic heights, the purchasing power of the return on railroad stocks must shrink steadily. We have already seen the effects of this upon bonds.

As to the effects of inflation upon the prices of securities, the return on which is neither fixed nor limited, there are wide differences of opinion. Many believe that a great rise is inevitable. If inflation were the only factor in the situation, that undoubtedly would be the case. But it happens that, for better or worse, the government has undertaken to suspend the operation of the law of supply and demand in relation to certain commodities by fixing prices, and the tendency apparently is toward the extension of price control. At the same time it is altogether likely that taxation will tend to increase along with inflation, though not necessarily in the same proportion. Thus, there are two prime factors in the situation—both having a direct tendency to restrict profits—which operate to suspend for a more or less indefinite period the effects of inflation on security prices. And perhaps more important than either of these is the curtailment of non-essential businesses. Just what effect this will have on individual industries or on industry as a whole, no one can foretell; but the effect is bound to be farreaching.

Outlook for Cotton

(The brief article below was prepared by the editor of "The American Wool and Cotton Reporter" for The Tribune.)

We believe thoroughly that any increase in food crops in the South will cause a cutting down of cotton. Say that the crop of cotton does not amount to any greater number of bales than that noted this year, or even that the amount will run down to 10,000,000 bales. According to reliable figures, the amount of American cotton available in warehouses at the present rate of consumption and exports will not be much in excess of 750,000 bales on July 31, 1918. The rate of world consumption is undoubtedly running at approximately 13,000,000 bales. Therefore, if only 10,000,000 bales be raised, the carry-over, together with the new crop, will be much less than the total requirements, and the trade will be forced to cut down the use.

Who is going to suffer from such curtailment? First, those who are employed, and, second, those who need merchandise for industrial purposes. It must be realized that stocks have been cut down radically during the last year or so, and that distribution is on a hand-to-mouth basis; in fact, that the demand is greater than the supply for most styles of goods. This can be easily ascertained by interviewing any of the important selling agencies.

So much for war conditions. Now, how about peace? Have those who advised th South to plant more food crops considered what peace may do to cotton—that is, what the requirements are likely to be? And even though war is still in progress, the time must be approaching when peace will be here. The world must depend upon American cotton, and what if no great amount is available? First, it will make prices entirely out of reason and will prevent the taking up of industry as soon as ought to be noted, and will be a distinct blow to domestic manufacturers and users, inasmuch as it will force those buying cotton to compete, not with ordinary buyers, but with those who are in a desperate situation and who may be willing to pay prices all out of reason for cotton. Besides, there has been much discussion about the expansion of the domestic cotton goods industry and the production of merchandise to be sold in larger quantities throughout the world. How can such a condition be developed if the raw material supply is to be no larger than it is?

The Money Deluge

To the Financial Editor of The Tribune.

Sir: I have read with great interest the communication of Congressman McFadden relative to the proposed half-billion-dollar corporation having authority to issue notes that shall circulate as money to the enormous amount of $4,000,000,000. This would almost double the money in circulation in the United States, and there is grave danger, as Mr. McFadden predicts, that the parity with gold of so great a volume of paper money could not be maintained. If this effect or result should be realized, then the whole country will experience a further inflation of the already high war prices and the United States will be compelled to buy war supplies at the inflated prices. Thus it will lose at the bunghole what it has saved in interest at the spigot.

The cheapening of money through excessive issues of paper currency that fail to maintain a parity with gold is well understood, but there is a more subtle cheapening, not so apparent, whenever the money in circulation is unnecessarily increased. There may result a cheapening of money even though it all remains at a parity with gold.

To illustrate what I mean, let us suppose that the world hitherto had depended for money on gold coin alone. Can it be doubted that money would have a greater purchasing power than at present, when Treasury notes, bank notes, Federal Reserve Bank notes, silver certificates and silver coins redeemable in gold are all helping to fill out the measure of the nation's monetary needs? In other words, these forms of credit money, all maintaining their parity with gold, are relieving gold of a part of its burden, and thereby lessening the demand for the actual gold coin itself.

If this be true, then credit money, whether issued by banks or the government, keeps down to a certain extent the value of gold, even though its parity with gold be maintained. In other words, its effect is to cheapen gold through diminishing the demand for it. And if gold is cheapened in this manner, then its purchasing power is lessened.

The writer has lived for many years in one of the great mining centres of the West, and for that reason has taken a more than ordinary interest in the matter of gold production. During the present century the world's average annual production of gold has exceeded the production of gold and silver in 1896, estimating the latter at a coinage ratio of sixteen to one. If the proposed coinage of both during that year was a national menace, why has not the coinage of gold during this century been one? There has been as much new gold produced in the world during the seventeen years of the twentieth century as there was produced during the entire last half of the nineteenth. And the last half of the nineteenth century, beginning with the gold discoveries in California and Australia, produced more new gold than the preceding five centuries.

This deluge of new gold has worked some astonishing results. Throughout the civilized world it has intoxicated men with new visions of wealth. It has produced on a world-wide scale all the gold-lust and turned loose all the elemental passions of a new gold mining camp. It is hardly conceivable that the present deluge of war could have occurred if this deluge of gold had not preceded it, filling the war chests of the nations and hanging out fabulous commercial prizes to tempt their cupidity.

More could be said of the evil effects of too much gold. The world-wide rise of prices has not been due to a multitude of causes, but to just one—don't forget it—too much gold. There is such a thing as too much money in circulation, and no one suffers more from cheapening money than the wage or salary earner.

Much could also be said of the beneficial effects of this new money, such as the relief to the debtor and producing classes and the stimulus to investment that accompany rising markets.

At this time, however, I want to insist on the one thought that our money has cheapened enough. Congress should try to arrest its further decline. Its effort should be to make the dollar stable. Its stability cannot be determined by weighing or analyzing the coin itself, but by determining its purchasing power, as shown by the current scale of prices.

The proposed issue of four billions more of paper money will quite certainly aggravate all the ills of high and rising prices, which have already been greatly aggravated by the war.

A few years ago I saw a very beautiful piece of machinery—a governor in a water power plant that was supplying electricity to a great city nearly one hundred miles away. As the load of the city's many industries on the transmission line varied from moment to moment its fluctuations were instantly registered by the governor, which trembled back and forth and automatically choked off or released, as needed, the flow of water to the penstocks of the turbines.

I believe that the time will come when our rulers will give constant heed to the index of commodity prices as showing whether money is rising or falling in purchasing power, and by choking off or releasing supplies of credit money will give the dollar a stability of value that is impossible of attainment under the present crude systems of finance.

EDWARD B. HOWELL.

Butte, Mont., Feb. 27, 1918.

Money and Credit

Surplus reserves of the Clearing House banks were sharply reduced last week, falling to $12,510,850, the lowest with one exception since the inauguration of the Federal Reserve banking system.

The actual condition of member banks shown by the Clearing House statement yesterday follows:

Loans, discounts, investments, etc.	$4,312,361,000
Cash in vaults of Federal Reserve members	95,733,000
Reserve in Federal Reserve Bank	459,809,000
Reserve in vaults of state banks and trust cos.	16,258,000
Reserve in depositories	8,244,000
*Net demand deposits	3,540,704,000
Net time deposits	194,330,000
Circulation	34,737,000
Aggregate reserve	484,311,000
Excess reserve	12,510,850

*United States deposits deducted, $438,146,000.

The changes from a week ago were:

Loans and discounts	Inc.	$51,670,000
Cash in vaults of Federal Reserve members	Dec.	3,244,000
Reserve in Federal Reserve Bank	Dec.	49,496,000
Reserve in vaults of state banks and trust cos.	Dec.	117,000
Reserve in depositories	Dec.	213,000
Net demand deposits	Dec.	33,791,000
Net time deposits	Dec.	7,470,000
Circulation	Inc.	289,000
Aggregate reserve	Dec.	49,826,000
Excess reserve	Dec.	45,275,230

Acceptance Rates.—Current bid prices for prime acceptances are as follows:

Spot delivery:	Thirty days.	Sixty days.	Ninety days.
Eligible member banks	4⅛%	4¼%	4¼%
Eligible non-member banks	4⅜%	4½%	4½%
Ineligible bank bills	5½%	5½%	5½%

For delivery within thirty days:

Eligible member banks	4½%
Eligible non-member banks	4¾%
Ineligible bank bills	6 %

Discount Rates.—Official rates of discount for each of the twelve Federal districts are as follows:

	Days: 15 or less.	Over 15 up to 30.	Over 30 up to 60.	Over 60 up to 90.
Boston	4	4	4½	4½
New York	3½	4½	4½	4½
Philadelphia	4	4	4½	4½
Cleveland	4	4	4½	4½
Richmond	4	4½	4½	4½
Atlanta	4	4	4½	4½
Chicago	4	4½	4½	5
St. Louis	4	4	4½	4½
Minneapolis	4	4	4	5
Kansas City	4	4½	4½	4½
Dallas	4	4	4½	4½
San Francisco	4	4	4½	4½

Bank Clearings.—The day's bank clearings at New York and other cities were:

	Exchanges.	Balances.
New York	$690,734,746	$65,932,080
Boston	46,662,922	7,033,636
Chicago	90,971,554	4,923,289

Silver.—Bars in London were quoted at 42½d, unchanged; New York, 85⅛c, unchanged; Mexican dollars, 68c, unchanged.

Sub-Treasury.—The banks gained $63,363 from the Sub-Treasury yesterday.

London Money Market.—LONDON, March 2.—Money, 3 per cent. Discount rates—Short and three months' bills, 3⅝ per cent.

The Dollar in Foreign Exchange

With the exception of Italian exchange rates, which moved sharply against Rome, fluctuations in the local exchange market were narrow, as a rule, last week, and therefore bore little significance. London was reported in the market as a seller of lire bills, with the result that the rate was forced down to 8.88 lire to the dollar, the lowest level in many weeks.

Sterling and francs were steady, showing practically no variation from the quotations at the close of the previous week.

If you calculate the cost of the dollar in terms of foreign money at par value—that is, as if you were buying dollars with pounds, marks or francs—its value at the close of last week, as compared with a year ago, would be about as follows:

	Cost of one dollar: Yesterday.	Year ago.
In English money	$1.02	$1.02
In French money	1.10	1.12
In Dutch money	.92	.99
In Swiss money	.85	.96
In Swedish money	.84	.90
In Russian money	3.86	1.81
In Italian money	1.76	1.42

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for either marks or kronen are no longer available.

	Yesterday.	Week ago.
(Quoted dollars to the pound.)		
Sterling, demand	$4.75¼	$4.75 7/16
Sterling, sixty days	4.71¾	4.72
Sterling, cables	4.76 7/16	4.76 7/16
Sterling, ninety days	4.69¾	4.70
(Quoted units to the dollar.)		
Francs, demand	5.72½	5.72½
Francs, cables	5.70½	5.70½
Lire, checks	8.88	8.73
Lire, cables	8.86	8.72
Swiss, checks	4.47	4.48
Swiss, cables	4.45	4.46
(Quoted cents to the unit.)		
Guilders, checks	44½	44¼
Guilders, cables	45	44¾
Rubles, cables	13.25	13.25
Stockholm, kr., ch'ks	31.50	32.50
Copenhagen, kr., ch'ks	30.25	30.25
Pesetas, checks	24.35	24.35

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange value.	Intrinsic value.
Pounds, sterling	$4.75 7/16	$4.86⅝
Francs	0.17.5	0.19.3
Guilders	0.44½	0.40.2
Rubles	0.13.25	0.51.2
Lire, checks	0.11.80	0.19.3
Crowns (Denmark)	0.30.25	0.26.8
Crowns (Sweden)	0.32.50	0.26.8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, $4.75 7/16. The intrinsic parity is $4.86⅝ per pound. Thus you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Federal Reserve Banks

WASHINGTON, March 2.—A slight liquidating tendency was apparent from this week's Federal Reserve Board financial statement of the condition of the twelve banks as at the close of business last night. Bills discounted for members were $502,525,000, about $7,000,000 less than last week. The report, compared with that of the preceding week, follows:

RESOURCES	March 1.	Feb. 22.
Gold coin certificates in vault	$461,615,000	$447,508,000
Gold settlement fund (F. R. Board)	357,299,000	375,273,000
Gold with foreign agencies	52,500,000	52,500,000
Total gold held by banks	$871,414,000	$1,772,305,000
Gold with Federal Reserve agents	885,346,000	877,023,000
Gold redemption fund	20,569,000	20,091,000
Total gold reserves	$1,777,329,000	$1,722,359,000
Legal tender notes, silver, etc.	60,444,000	60,129,000
Total reserves	$1,837,773,000	$1,832,524,000
Bills discounted—members	502,527,000	509,564,000
Bills bought in open market	299,213,000	296,170,000
Total bills on hand	$801,738,000	$805,704,000
United States government long term securities	77,705,000	52,950,000
United States governm't short term securities	157,482,000	169,707,000
All other earning assets	3,680,000	3,436,000
Total earning assets	$1,040,605,000	$1,031,797,000
Due from Federal Reserve banks—net	11,882,000	11,463,000
Uncollected items	369,185,000	299,402,000
Total deductions from gross deposits	$381,067,000	$310,815,000
Five per cent redemption fund against Federal Reserve Bank notes	537,000	537,000
All other resources	796,000	731,000
Total resources	$3,260,778,000	$3,176,454,000
LIABILITIES		
Capital paid in	$73,401,000	$73,305,000
Surplus	1,134,000	1,134,000
Government deposits	150,781,000	56,165,000
Due to member banks—Reserve account	1,388,020,000	1,459,720,000
Collection items	218,031,000	199,278,000
Other deposits, including for'n gov't credits	64,120,000	58,329,000
Total gross deposits	$1,820,954,000	$1,772,402,000
Federal Reserve notes in actual circulation	1,351,091,000	1,314,581,000
Federal Reserve Bank notes in circulation, net liability	7,999,000	7,999,000
All other liabilities	6,199,000	5,943,000
Total liabilities	$3,260,778,000	$3,176,454,000

Ratio of gold reserves to net deposit and Federal Reserve note liabilities combined, 63.7 per cent. Week before, 63.8 per cent.

Ratio of total reserves to net deposit and Federal Reserve note liabilities combined, 65.8 per cent. Week before, 66 per cent.

Federal Reserve Bank of New York

RESOURCES	March 1.	Feb. 23.
Gold coin and gold certificates:		
Gold settlement fund	$50,673,000	$63,667,000
Gold in vaults	316,058,985	308,316,030
Gold with foreign agencies	18,112,500	18,112,500
Gold with Federal Reserve agent and in redemption fund, Federal Reserve notes	259,783,945	264,886,830
Total gold reserve	$644,628,430	$654,982,360
Legal tender notes, silver certificates and subsidiary coin	39,909,944	39,711,983
Total reserve	$684,538,375	$694,694,344
Bills discounted and bought:		
Commercial paper	217,801,093	177,330,665
Acceptances	165,545,180	176,737,163
Totals	$383,346,273	$354,067,829
Investments:		
United States bonds and notes	9,817,298	89,824,248
Municipal warrants		
U. S. certificates of indebtedness purchased from the banks with agreement to repurchase in fifteen days	82,731,000	27,550,000
Totals	$92,548,298	$117,374,248
Due from other F. R. banks (net)		
Total resources	$1,160,432,947	$1,166,136,421
LIABILITIES		
Capital	$19,664,800	$19,664,800
Member banks' deposits (net)	574,488,315	636,080,698
Non-member banks' deposits (net)	2,434,287	2,649,814
Government deposits	8,751,485	7,243,596
Due to other Federal Reserve banks (net)	52,353,269	22,973,657
Federal Reserve notes (net)	441,025,955	426,557,305
All other liabilities	60,714,835	50,995,549
Total liabilities	$1,160,432,947	$1,166,136,421
Federal Reserve notes outstanding	508,723,945	493,226,830
Against which there is deposited with Federal Reserve agent:		
Gold and lawful money	249,783,945	254,886,830
Commercial paper	383,345,718	354,066,093

News Digest

New York

Changes in Stock Exchange Firms.—The following firm changes were announced yesterday in the weekly bulletin of the Stock Exchange: Admitted to Lee, Higginson & Co., Jerome D. Green, Barrett Wendell, jr., and James Nowell; admitted to W. H. Newbold's Son & Co., Beauveau Borie, jr.; retired from Bartlett Brothers & Co., Edwin A. Boardman; retired from Holmes, Buckley & Wardrop, Harold Palmer; admitted to Sutro Brothers, Alfred Rau. In accordance with the provision in the Stock Exchange constitution that the nominating committee shall hold at least three meetings for the purpose of suggesting nominees for the offices and positions which are to be filled at the annual election on the second Monday in May, notice was given that these meetings will be held March 6, 13 and 20.

More British Treasury Bills To Be Offered.—J. P. Morgan & Co. will continue to offer British Treasury ninety-day bills this week. The discount rate, it was announced yesterday, will be 6 per cent, the same as last week. Less than $90,000,000 of these bills are now outstanding, about $10,000,000 having been retired in the recent offerings.

Chatham and Phenix Bank Branch Moved.—The Chatham and Phenix National Bank has removed its branch at 2 West Thirty-third Street to Fifth Avenue and Thirty-third Street. Owing to the rapid growth of this branch larger quarters were necessary.

Corporation Returns

American Bank Note Company.—Annual report for the year ended December 31, 1917, shows total income of $824,064, compared with $951,257 for 1916. Net income amounted to $734,053, compared with $846,804 for the previous year. Dividends were $539,481, compared with $449,567 for the year before. Surplus was $194,572, compared with $397,237 for 1916.

S. H. Kress & Co.—Net profits for the year ended December 31 last were $1,465,461, compared with $1,354,093 for the previous year. Preferred dividends amounted to $280,000, an increase of $140,000 over the year before. Surplus was $1,185,461, equal to $9.88 a share, compared with $1,214,093, or $8.95, for 1916.

Bell Telephone Company of Canada.—Gross revenue for the year ended December 31, 1917, was $11,567,193, compared with $10,375,318 for the year before. Net revenue was $2,534,071, compared with $2,469,242 for 1916. Surplus amounted to $533,070, compared with $470,450 for the previous year.

Buffalo, Rochester & Pittsburgh Railway.—The company reports net income of $1,739,820 for the year ended December 31 last, compared with $2,129,539 for 1916. Total operating revenue was $14,975,000, compared with $12,765,755 for the previous year. Surplus available for dividends was $1,068,105, compared with $1,239,047 for the year before.

Illinois Public Service.—Annual report for the year ended December 31, 1917, shows gross earnings of $2,448,050. Net earnings amounted to $807,996. Surplus after dividends amounted to $28,081 and total surplus was $277,627.

Pacific Mills.—Report for the year ended December 31 last shows net sales of $36,941,445, compared with $28,274,759 for 1916. Net after depreciation, etc., was $4,475,500, compared with $2,749,775 for the year before. Surplus after dividends amounted to $3,275,509, compared with $1,789,775 for the previous year.

Adirondack Electric Power.—Gross earnings for the year ended December 31, 1917, were $1,650,765, compared with $1,512,516 for the previous year. Net earnings amounted to $418,581, compared with $565,152 for the year before. Surplus was $162,553, compared with $306,864 for 1916.

Fisher Body Corporation.—Earnings after interest deductions of the Fisher Body Corporation and subsidiary company for the quarter ended January 31 last aggregated $957,014, according to the report issued yesterday.

Dayton Power & Light Company

	1918.	1917.
January earnings	$195,477	$177,569
Net earnings	51,486	62,978
Total income	54,119	63,345
Surplus	6,871	22,237

New York, Ontario & Western

	1918.	1917.
January gross	$684,203	$633,528
Deficit after taxes	6,619	*118,861
Deficit after charges	107,190	*9,009

*Surplus.

Sears, Roebuck & Co.

	1918.	1917.
February sales	$16,233,388	$15,745,418

February Mining Dividends

Dividends paid in February, 1918, by twenty-two United States mining and metallurgical companies making public reports amount to $12,767,611, as compared with $12,812,268 paid by twenty-five similar companies in February, 1917. Canadian and Mexican mining companies paid $1,534,983 in February, 1918, as against $2,186,851 in 1917. The only holding company which paid in February was the White Knob Copper and Development Company, which disbursed $10,000, or 5c. a share.

Dividends were passed this month by the Wilbert and Hecla companies. Total dividends in the first two months of the year were as follows, the figures for 1917 being given in parentheses: United States mining and metallurgical companies, $20,211,013 ($26,272,734); holding companies, $330,000 ($1,340,000); Canadian, Mexican and Central American companies, $2,714,261 ($3,826,199).—*Engineering and Mining Journal.*

Wheat Prospect Is Uncertain in The Northwest

Favorable and Adverse Factors Make Outlook Obscure

[Special Correspondence]

MINNEAPOLIS, March 1.—While Herbert C. Hoover and his associates are urging Northwest farmers to plant wheat, and more wheat, and seeding time is only thirty days away, the situation at this writing has each day grown less favorable to a large wheat acreage.

Unprecedented as have been the conditions existing all along in the grain markets, they were never so at variance with normal as now. President Wilson's recent statement fixing wheat prices for the 1918 crop at the same level as those now ruling for the 1917 crop did go a long way toward insuring planting of wheat. Obviously the farmer who plants wheat has a "sure thing." His price limit is the $2.17 basis in Minneapolis, but that he will get in any event. If he plants other grains he takes chances that a big crop may knock down the price.

There is a limit, nevertheless, to the application of this insurance idea.

Last year was a bad one for crops in North Dakota, spring wheat, for example, averaging only eight bushels to the acre, while the state in a good season averages fifteen to seventeen bushels or higher. Nevertheless, all other grains suffered as well, so that the comparison here made is a fair one. And this is what it shows:

Average production, in bushels per acre, of grain in the three states, Minnesota, North Dakota and South Dakota, in the season 1917 was: Spring wheat, 13 bushels; barley, 21.5 bushels; rye, 14.75 bushels; oats, 28.75 bushels; corn, 22.75 bushels.

If in a good year the wheat average would be higher, so would the other averages, so the comparison stands and is important in this connection because farmers are likely to be influenced in one season by results of the season immediately preceding. Last year, in short, was not a good wheat year, on the whole, in the Northwest.

But Mr. Hoover's plea for more wheat comes into the matter in doubtful form when prices are considered. Here are three ranges of cash prices in Minneapolis, for three periods, accurate within a cent at most, allowing for different grades in which prices sometimes vary 4 or 5 cents or more:

Cash Prices in Minneapolis

	Jan. 23, 1917.	Jan. 23, 1918.	Feb. 27, 1918.
Spring wheat	$1.92	$2.17	$2.17
Rye	1.40	1.98	2.60
Corn	.96	1.25	1.80
Oats	.54	.80	.92
Barley	1.20	1.55	2.15

Observe, in the table above, the rise of wheat to $1.92, the later fixing of the 1917 price at $2.17 and its refixing at that figure for the next crop.

But the advance in rye, corn, oats and barley has been remarkable and most of it since the Hoover orders requiring the use of such grains as wheat substitutes. Why the price of these grains was not regulated no one in Minneapolis knows. But wheat, because anchored in price, is to-day by far the cheapest food of them all.

One thing is certain. When the 1918 grain crop is in the ground it will represent the largest investment by far that the farmers ever made. Seed an acre, ploughing an acre and all the other planting costs will be much higher.

What will the farmer do about it?

There are two arguments favorable to wheat.

The first is patriotism. The farmer ought to plant wheat because the country needs it. The second is insurance. Let the war end or what may happen, the farmer preparing for his spring crop can to-day take a pencil and figure out his estimated seed and labor costs and by putting against it various acreage yields that he may expect to realize under varying weather conditions tell pretty closely where he will get off.

To plant the other grains is more of a gamble. Yet a crop of oats, rye or barley, all things considered, is more likely to escape vicissitudes than is wheat. There is a percentage in favor of the "getting in" of a coarse grains crop as against wheat, based on past experience, especially of last year.

Suppose then that the Northwest farmer decides to gamble and take a chance that a big coarse grains crop will put down prices as against the government's guarantee for wheat, this is how he would figure it if he took the average acreage yields last year and the current Minneapolis prices as basis:

	Money value per acre in Minneapolis
Spring wheat	$28.21
Rye	38.35
Corn	40.90
Oats	26.45
Barley	15.23

As to rye, corn or barley the differences are alluring. It is a question whether a great many farmers will not take a chance.

It brings to the front the question, Did the government, desiring a record spring wheat acreage planted this year, make a serious mistake in not putting price limits on the wheat substitutes, after urging their use in place of wheat?

American Shoes in Australia

WASHINGTON, March 1.—American shoes are winning their way in Australia, says a report issued to-day by the Bureau of Commerce. Medium and fine grade American shoes, although selling at higher prices than other shoes on the market, are preferred by most Australians, and many are quite willing to pay the difference in price. For smart American shoes, the report said, women are willing to pay $15 and $18 a pair.

New Nickel Coins in Bolivia

Commercial Attaché William F. Montavon reports that the Bolivian National Congress has authorized the coinage of nickel money in denominations of 5 and 10 centavos (about 1.95 and 3.89 cents, respectively) to the amount of 1,000,000 bolivianos ($389,309). The new coins will be in all respects similar to the nickel coins now in circulation in Bolivia.

Elections

Isaac Milbank has been elected a director of the Union Oil Company, succeeding John aGrrigues.

Heavy Reduction In Bank Reserves

Surplus of New York Institutions Shrinks More Than $45,000,000

Bank reserves were drawn on heavily last week in connection with the United States Treasury certificates of indebtedness financing, with the result that the statement of the New York Clearing House, issued yesterday, showed a reduction in the surplus reserve of $45,275,230. This brought the surplus down to $12,510,850, the lowest since September 4, when it stood at $12,307,000. Two weeks ago the surplus of the banks was reduced to $29,251,000, but in the week following it increased to approximately $60,000,000. United States government deposits with the local banks amounted to $438,146,000, against $438,825,000 a week ago.

Interior banks have continued to draw on New York for funds, presumably to be in a position to meet their subscriptions to the certificates of indebtedness issues. Loans and discounts of the Clearing House banks increased $51,570,000 to a total of $4,312,361,000 last week. Reserve in the Federal Reserve Bank decreased $49,496,000 to $459,809,000.

The weekly statement of the Federal Reserve Bank of New York showed an increase of about $30,000,000 in the amount of bills discounted and bought. The gold settlement fund decreased from $63,667,000 to $50,673,000.

Relevant Comment

Ætna Explosives Plan

Considerable progress has already been made on a plan to take the Ætna Explosives Company out of receivership. J. & W. Seligman & Co., who recently announced their intention of undertaking the reorganization of the company, it is reported, have reached an agreement with the bondholders and the stockholders, by which they have consented to waive all their claims as to sinking funds and accumulated dividends. The plan, it is also understood, calls for no assessment on either the preferred or common stocks. A new mortgage may be created, under which present bondholders may exchange at par for a new 6 per cent bond the existing thirty-year bonds. Formal announcement of the details of the plan is expected next week.

Air Brake Weakens

On a turnover of 1,500 shares New York Air Brake broke 4¾ points in yesterday's two-hour session, to 127¼. The weakness was attributed to disappointment over the earnings shown in the 1917 annual report. The point was emphasized in brokerage offices that inasmuch as last year's revenues were for the most part derived from the company's regular business dividends, the present annual rate of 20 per cent could hardly be maintained in normal times.

Selling Steel Short

Steel common was subjected to considerable bear selling yesterday by traders on the theory that much uncertainty will exist while the manufacturers are trying to influence the War Industries Board to revise prices upward because of increased costs of operation since the current prices became effective. The present scale of prices expires on March 31, and at the forthcoming sessions in Washington of steel men and government officials strong representations will be made that an upward revision should take place to offset the greater expense of operation. Those who sold Steel on the Stock Exchange in the hope that they could buy it back at a profit before the close met with only a small degree of success, as the net loss on the morning's transactions was only half a point, the last sale being 90⅜.

Coke Shortage Threatens

The "Daily Iron Trade Review" stated yesterday that blast murnaces recently put in blast in the Pittsburgh district will soon be forced to bank again unless the oCnnellsville coke car shortage is relieved.

Tax Certificate Rate Of Interest Not Raised

WASHINGTON, March 2.—The recent increase from 4 to 4½ per cent in the interest rate on certificates of indebtedness issued in anticipation of the third Liberty Loan does not mean that the 4 per cent rate on the so-called tax certificates will be raised, Secretary McAdoo announced to-day.

"No such increase is in contemplation," said Secretary McAdoo to-day. "The two issues are of entirely different character and purpose. The certificates in anticipation of the third Liberty Loan are not acceptable in payment of income and excess profits taxes, and, whatever their maturity, are subject to redemption at the option of the United States on and after the first instalment payment date for the third Liberty Loan, while the tax certificates are not subject to redemption and are not acceptable in payment of bond subscriptions."

About $1,125,000,000 of tax certificates have been sold. They will be received in payment of income and excess profits taxes when these are due next June.

Dividends

Regular Declarations

Arkansas Valley Railway, Light & Power.—Quarterly dividend of 1¾ per cent on the preferred stock, payable March 15 to stockholders of record February 28.

Great Atlantic & Pacific Tea Company.—Quarterly dividend of 1¾ per cent on the preferred stock, payable March 1 to stockholders of record February 28.

Muskogee Gas & Electric Company.—Quarterly dividend of 1¾ per cent on the preferred stock, payable March 15 to stockholders of record February 28.

National Grocer Company.—Semi-annual dividend of 3 per cent on the preferred stock and quarterly dividend of 2 per cent on the common stock, both payable July 1 to stockholders of record June 19.

Price Bros., Ltd.—Quarterly dividend of 1½ per cent, payable April 1 to stockholders of record March 15.

Western Grocer Company.—Semi-annual dividends of 3 per cent on the preferred and 4 per cent on the common stocks, both payable April 1 to shtockholders of record March 19.

Sears, Roebuck & Co.—Quarterly dividend of 1¾ per cent on the preferred stock, payable April 1 to stockholders of record March 15.

Celluloid Company.—Quarterly dividend of 2 per cent, payable March 30 to stockholders of record March 5.

Significant Relations

Money and Prices:			
Stock of money gold in the country	Now. $3,038,545,642		A year ago. $2,912,465,116
Loans of all national banks	Dec. 31, 1917. $9,390,336,000		Nearest period previous year. $8,340,626,000
Bills discounted and bought by Federal Reserve Banks	Last week. $801,738,000		A year ago. $132,898,000
Federal Reserve notes in circulation	1,351,091,000		314,258,000
Total gold reserve	1,777,329,000		*836,122,000
(Market averages will be found on the next page.)			
Food cost of living (Annalist index number)	Last week. 286.84	The week before. 285.58	A year ago. 227.90
General commodity price level (Dun's index number)	Feb. 1. 227.02	Jan. 1. 222.17	A year ago. 176.27
Production:			
Unfilled U. S. Steel orders, tons	Jan. 31. 9,477,853	Dec. 31. 9,381,718	A year ago. 11,474,054
Pig iron (daily average), tons	January. 77,799	December. 92,997	A year ago. 101,643
Wheat crop, bushels	1917 yield, estimated. 650,828,000		The 1916 crop. 636,318,000
Corn crop, bushels	3,159,494,000		2,566,927,000
Oats crop, bushels	1,587,286,000		1,251,837,000
Cotton crop, bales	10,949,000		11,449,930
Distribution:	Increase or decrease from year before: Second week of Feb. (? roads.)	Month of Dec. (141 roads)	Jan. 1 to Dec. 31. (141 roads)
Gross railroad earnings	+17.1%	+6.9%	+11.1%
	Increase or decrease from last year: Last week.	The week before.	Year to date.
Bank clearings	+3.5%	+4.8%	+3.4%
General:			
Active cotton spindles	Jan. 31. 33,552,732	Dec. 31. 33,649,076	A year ago. 33,016,893
Commercial failures (Dun's):			
Number	February. 930	January. 1,178	A year ago. 1,165
Liabilities	$12,829,182	$19,278,787	$16,617,883
Building Permits (Bradstreets): (157 cities)	January, 1918. $26,545,536		January, 1917. $57,344,418

*Gold held by Reserve agents against circulation included in general fund beginning June 23, 1917. For purposes of comparison it is included in the 1916 figures.